

**PARK CITY AREA CHAMBER OF COMMERCE –
CONVENTION AND VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2007 and 2006

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Park City Area Chamber of Commerce –
Convention and Visitors Bureau, Inc.

We have audited the accompanying statements of financial position of Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc. (the “Chamber”) as of June 30, 2007 and June 30, 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Chamber’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of June 30, 2007 and 2006, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2007 on our consideration of the Chamber’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Huber, Erickson & Bowman, LLC
August 17, 2007

FINANCIAL STATEMENTS

Park City Area Chamber of Commerce - Convention and Visitors Bureau, Inc.

Statements of Financial Position

As of June 30, 2007 and 2006

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Assets

	2007	2006
Current assets		
Cash and cash equivalents	\$ 1,090,008	\$ 994,188
Investments	465,000	205,000
Accounts receivable	36,966	18,369
Prepaid expenses	65,623	50,597
Total current assets	1,657,597	1,268,154
Property and equipment		
Leashold improvements	6,867	2,399
Furniture and equipment	105,066	94,788
Subtotal	111,933	97,187
Less: accumulated depreciation and amortization	(89,649)	(73,748)
Total property and equipment	22,284	23,439
Other asset		
Deposit	5,473	5,473
Total Assets	1,685,354	1,297,066

Liabilities and Net Assets

Current liabilities		
Accounts payable	4,509	4,447
Accrued expenses	43,152	28,636
Current portion of capital lease obligation	2,778	6,254
Deferred revenue	858,293	674,320
Refundable resort voucher liability	20,326	-
Total current liabilities	929,058	713,657
Capital lease obligations	1,256	4,034
Total liabilities	930,314	717,691
Net assets		
Unrestricted	755,040	579,375
Total Liabilities and Net Assets	\$ 1,685,354	\$ 1,297,066

The accompanying notes are an integral part of these financial statements.

Park City Area Chamber of Commerce - Convention and Visitors Bureau, Inc.

Statements of Activities

For the Years Ended June 30, 2007 and 2006

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Changes in Unrestricted Net Assets	2007	2006
Support		
Transient room tax	\$ 4,215,896	\$ 3,748,079
Co-operative promotion	638,664	436,730
Membership dues	338,110	301,068
Restaurant tax grants	291,900	244,661
Other government funding	89,369	89,369
Special funding	115,000	75,000
Interest income	100,038	52,346
International pass marketing	19,674	-
Other	1,104	9,453
Total Unrestricted Support	5,809,755	4,956,706
Expenses		
Marketing programs and projects		
Annual marketing campaign	1,555,651	1,539,532
Co-operative promotion	969,269	787,196
Special events marketing	526,031	483,157
Meetings and conventions	186,067	215,724
Internet marketing	392,870	175,412
Communications	202,105	168,529
Visitor information centers	131,177	149,246
International marketing	184,520	125,707
Government relations and economic development	32,767	26,867
Chamber member services	121,181	92,841
Tour and travel promotion	78,253	85,597
Other general programs	23,444	19,231
Film commission	6,326	3,978
Total marketing programs and projects	4,409,661	3,873,017
Supporting services and other expenses		
Administrative expenses	963,208	812,157
Office operating expenses	245,319	229,353
Depreciation and amortization	15,902	15,526
Total supporting services and other expenses	1,224,429	1,057,036
Increase in Unrestricted Net Assets	175,665	26,653
Net Assets, beginning of year	579,375	552,722
Net Assets, end of year	\$ 755,040	\$ 579,375

The accompanying notes are an integral part of these financial statements.

Park City Area Chamber of Commerce - Convention and Visitors Bureau, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2007 and 2006

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Cash Flows from Operating Activities	2007	2006
Increase in Unrestricted Net Assets	\$ 175,665	\$ 26,653
Adjustments to Reconcile Increase in Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and amortization	15,902	15,526
(Increase) decrease in assets:		
Accounts receivable	(18,596)	1,135
Prepays	(15,026)	793
Increase (decrease) in liabilities:		
Accounts payable	62	1,504
Accrued liabilities	14,513	(7,922)
Refundable interest	-	(684)
Deferred revenue	183,973	187,774
Refundable resort voucher liability	20,326	-
Total Adjustments	201,154	198,126
Net Cash Provided by Operating Activities	376,819	224,779
Cash Flows from Investing Activities		
Cash used to purchase property and equipment	(14,746)	(9,153)
Cash used to purchase investments	(260,000)	(205,000)
Net Cash Used for Investing Activities	(274,746)	(214,153)
Cash Flows from Financing Activities		
Cash used to pay capital lease obligations	(6,253)	(5,831)
Net Cash Used for Financing Activities	(6,253)	(5,831)
Net Increase in Cash and Cash Equivalents	95,820	4,795
Cash and Cash Equivalents, Beginning of Period	994,188	989,393
Cash and Cash Equivalents, End of Period	\$ 1,090,008	\$ 994,188

Supplemental Disclosure of Cash Flow Information:

Interest paid	\$ 216	\$ 944
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Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2007 and 2006

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NOTE 1 – ORGANIZATION

On December 1, 1981, the Park City Chamber of Commerce and the Park City Convention and Visitors Bureau combined to form one non-profit corporation to serve the businesses of Park City and Summit County and to promote tourism and business. Descriptions of the Chamber/Bureau programs are as follows:

Annual Marketing Campaign – This program promotes Park City/Summit County in the United States as a tourist destination through print/television advertising and direct mail.

International Marketing – This program markets Park City/Summit County outside the United States as a tourist destination through travel agent/tour operator markets and consumer shows.

Tour and Travel Promotion – This program promotes Park City/Summit County to the consumer show and leisure group markets.

Internet Marketing – This program promotes Park City/Summit County through the Chamber/Bureau's website and other on-line marketing companies.

Communications – This program provides a liaison with the media, promoting Park City/Summit County in print, electronic and other media.

Special Events Marketing – This program markets Park City/Summit County to cultural and sporting events to enhance the tourism product and supports local events.

Member Services – This program supports and assists local business members of the Chamber/Bureau.

Government Relations and Economic Development – This program tracks legislation and lobbies on issues of interest to local business and tourism, and provides economic data.

Meetings and Conventions – This program promotes Park City/Summit County as a destination for meetings and conventions through the use of print advertising, tradeshow and on-line marketing efforts.

Visitor Information Centers – This program provides visitors to Park City/Summit County with useful current information for their stay through the staffing of two centers (Main Street and Kimball Junction).

Film Commission – This program promotes Park City/Summit County as a film location by assisting filmmakers/scouts with location and permitting issues.

Co-operative Promotion – This program administers joint marketing promotions with members for the benefit of various marketing promotions.

Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2007 and 2006

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NOTE 1 – ORGANIZATION (CONTINUED)

Other General Programs – These programs enhance the image of the Chamber/Bureau through the use of displays, promotional bags and community relations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Chamber conform to accounting principles generally accepted in the United States of America as applicable to membership organizations. The financial statements are presented in accordance with Financial Accounting Standards Board Statement No. 117, "Financial Statements of Not-for-Profit Organizations." Certain reclassifications have been made to the 2006 financial statements in order to conform to the 2007 financial statement presentation.

The following is a summary of the significant accounting policies.

Basis of Accounting

The Chamber uses the accrual basis of accounting.

Cash and Cash Equivalents

Cash in excess of daily requirements is invested in money market funds and short term treasury bills. The Chamber considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents.

Member Receivable

Balances that are still outstanding after management has used reasonable collection efforts and are approximately 120 days past due are written-off using the direct write-off method. Since the Chamber follows a strict receivable policy, an allowance for doubtful accounts has not been included in the financial statements.

Property and Equipment

Property and equipment consist of furniture, equipment and leasehold improvements. Assets having a cost greater than \$500 and estimated useful lives over one year are capitalized at cost and depreciation is computed using the straight-line method over the estimated useful lives ranging from three to seven years. Amortization of leasehold improvements is computed using the straight-line method over the term of the lease. Depreciation and amortization expense for the year ended June 30, 2007 was \$15,902 (\$15,526 for the year ended June 30, 2006).

Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2007 and 2006

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition and Deferred Revenue

Revenue from exchange transactions is recognized when earned. Other support is included in revenue when received or billed. Revenue not yet earned is recorded as deferred revenue.

Transient room tax (TRT) derived from lodging rentals within Summit County is collected by the State of Utah, and in accordance with the authorizing legislation, is returned to the county government for use in promotion of tourism. Summit County remits approximately 90% of the TRT it receives from the State of Utah to the Chamber. The Chamber's programs fulfill the obligations of Summit County to promote tourism with the TRT monies. TRT is received quarterly and is recognized as revenue based on the quarter in which the lodging rental occurred, with a two quarter delay from lodging rental to receipt of funds and revenue recognition. TRT received in advance of the two quarter delay is considered unearned and recorded as deferred revenue.

A portion of the restaurant tax levied by Summit County is designated for promotion and support of tourism. The County provides grants to various organizations to carry out the designated purpose. Grants received by the Chamber are for specific activities, and are considered earned when expenditures for those activities are made.

Co-operative promotion revenue is recognized as earned when the related expenses are incurred.

Membership dues billed for the next fiscal year are recorded as deferred revenue.

Income Taxes

The Chamber is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. However, income from certain activities not directly related to the Chamber's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended June 30, 2007 and 2006, the Chamber did not have any unrelated business income.

Use of Estimates in the Preparation of the Financial Statements

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2007 and 2006

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NOTE - 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

The following schedule reflects the June 30, 2007 and 2006 balances of cash, cash equivalents and investments:

		2007	2006
	Interest Rate	Carrying Value	Carrying Value
<u>Cash in Bank:</u>			
Petty Cash	-	\$ 225	\$ 225
Zions – Operating	-	(161,485)	(296,654)
Zions – Payroll	-	(41,406)	(37,881)
Zions – Sweep	4.68%	256,384	379,588
Zions – 401(k)	1.80%	17,336	12,977
Zions – Co-op	-	53,868	5,851
Frontier bank	-	20,326	-
Chase – Money Market	2.72%	19,289	15,598
Mountain West – Money Market	4.86%	114,704	109,310
Home Savings – Money Market	3.92%	9,355	5,469
Key Bank – Money Market	3.72%	25,027	17,931
Wells Fargo – Money Market	1.29%	25,199	13,806
Mountain America – Money Market	4.17%	117,019	112,990
US Bank – Money Market	0.18%	25,040	3,145
Frontier – Money Market	3.96%	113,666	10,147
Washington Mutual – Money Market	0.15%	6,587	2,856
Edward Jones – Money Market	0.50%	824	533
		601,958	355,891
<u>US Treasury Bills:</u>			
United States Treasury – three month T bills	4.85%	488,050	638,297
Total Cash and Cash Equivalents		\$ 1,090,008	\$ 994,188
<u>Investments:</u>			
Certificates of deposit	5.05%	\$ 215,000	\$ 205,000
United States Treasury – six month T bills	4.93%	250,000	-
Total Investments		\$ 465,000	\$ 205,000

At times during the fiscal years ended June 30, 2007 and 2006, the Chamber maintained cash balances in excess of federally insured limits for deposits. The Chamber has not experienced any losses from such accounts and does not expect any in the future.

Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2007 and 2006

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NOTE 4 – DEFERRED REVENUE

Deferred revenue at June 30, 2007 and 2006 is as follows:

	2007	2006
Transient room tax	\$ 751,256	\$ 651,685
Membership dues	18,888	16,785
Co-operative promotion	88,149	5,850
Total	<u>\$ 858,293</u>	<u>\$ 674,320</u>

NOTE 5 – LEASE COMMITMENTS

The Chamber occupies office facilities and the Visitors Information Center under terms of operating lease agreements expiring in 2007 and 2008, respectively. Such lease agreements provide for annual rent increases based on both inflation and landlord costs. Rent expense for the year ended June 30, 2007 was \$123,938 (\$118,013 for the year ended June 30, 2006).

During the years ended June 30, 2005 and 2003, the Chamber entered into capital lease transactions for the acquisition of office equipment. The cost of such equipment, which is included in furniture and equipment, was \$28,485. Accumulated depreciation totaled \$25,276 as of June 30, 2007 (\$19,609 as of June 30, 2006). The imputed interest rates are 7% and interest paid for the year ended June 30, 2007 was \$216 (\$944 for the year ended June 30, 2006).

Following are future minimum lease payments under non-cancelable lease arrangements in excess of one year:

	Capital Leases	Operating Leases
Year ending June 30, 2007:		
2008	\$ 2,778	\$ 33,165
2009	1,325	-
	<u>4,103</u>	<u>\$ 33,165</u>
Less amount representing interest (at rates of 7%)	<u>(69)</u>	
Present value of net minimum lease payments	4,034	
Less current maturities	<u>(2,778)</u>	
Long-term obligations under capital leases	<u>\$ 1,256</u>	

Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2007 and 2006

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NOTE 6 – EMPLOYEE BENEFIT PLANS

The Chamber maintains a qualified 401(k) profit sharing plan under which eligible employees may defer a portion of their salary. At the discretion of the Board of Directors, the Chamber may make a contribution of a discretionary amount to be determined each year. To be eligible to participate, an employee must have completed one year of service and attained the age of 18 years. Contributions to the plan for the year ended June 30, 2007 were \$17,299 (\$13,296 at June 30, 2006).

NOTE 7 – CONCENTRATIONS

A significant portion of the Chamber revenue is from the transient room tax. The Utah State Legislature mandates the return of this money to the respective county where it was derived, for use to promote tourism. The portion of the transient room tax allocated to the Chamber, or the method or organization used by the County to fulfill its mandated obligation, could be changed by a decision of the County Commission or State Legislature.

NOTE 8 – SPONSORSHIP OBLIGATIONS

The Chamber has entered into certain multi-year sponsorship agreements for special events to be held in the Park City area. The remaining sponsorship obligations range from one to three years with the terms of the agreements negotiable for each year.

NOTE 9 – CO-OPERATIVE PROMOTIONS

Co-operative promotions income and expense represents Co-operative marketing with member organizations in addition to other marketing campaigns performed by the Chamber. The following summary lists the various Co-operative marketing related income and expense:

	2007	2006
Project Income:		
MPK booklets	\$ -	\$ 39,710
Consumer shows	16,223	16,973
Special event sign	-	5,996
Skiing company insert	151,000	134,146
Utah Bride & Groom	15,415	15,620
Utah office of tourism TV Co-op	233,861	212,500
International lodging brochure	52,221	-
Ski tops event	10,700	-
Mexico CO-OP	79,000	-
Echo visitors center	67,042	-
Other (under \$5,000)	13,202	11,785
Total Co-op Income	\$ 638,664	\$ 436,730

Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2007 and 2006

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NOTE 9 – CO-OPERATIVE PROMOTIONS (CONTINUED)

Project Expenses:

Job fair	\$	8,927	\$	6,061
Echo visitors center		84,042		6,500
MPK booklets		-		24,682
Tourism symposium		8,085		9,126
Consumer shows		19,953		22,954
Skiing company insert		240,544		276,513
Utah Bride & Groom		17,869		12
Utah office of tourism TV Co-op		415,331		434,000
International lodging brochure		51,941		-
Ski tops event		12,500		-
Mexico CO-OP		101,007		-
Other (under \$5,000)		9,070		7,348
Total Co-op Expense	\$	969,269	\$	787,196

OTHER REPORTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Park City Area Chamber of Commerce --
Convention and Visitors Bureau, Inc.

We have audited the financial statements of Park City Area Chamber of Commerce -- Convention and Visitors Bureau, Inc. (the "Chamber") (a nonprofit organization) as of and for the year ended June 30, 2007, and have issued our report thereon dated August 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Chamber's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors

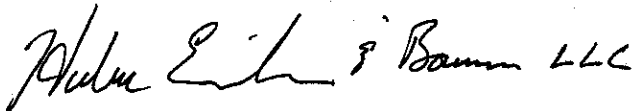
Park City Area Chamber of Commerce – Convention and Visitors Bureau, Inc.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chamber's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Huber Erickson & Bowman LLC". The signature is written in a cursive, flowing style.

Huber, Erickson & Bowman, LLC

August 17, 2007